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INFO EUR 15,SS 20,L 03,NSC 10,NSA 02,CAB 09,CIAE 00,COM 08,DODE 00,
DOT 12,INR 07,RSC 01,RSR 01,/103 W

P 231330Z JAN 69
FM AMEMBASSY ROME
TO SECSTATE WASHDC PRIORITY 9492
INFO AMEMBASSY LISBON PRIORITY

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY [signature] DATE 25 MAY 1982
RDS☐or XDS☐EXT. DATE
TS AUTH. REASON(S)
ENDORSE EXISTING MARKINGS ☐
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SUBJ: CIVAIR NEGOTIATIONS WITH ITALY

REF: STATE 9897; LISBON 86

1. EMBASSY AGREES IT IS NECESSARY TO REACT TO SANTINI STATEMENT BEFORE RESUMING NEGOTIATIONS. TONE OF SANTINI LETTER UNDOUBTEDLY OVERSTATES ITALIAN CASE ON SEVERAL POINTS, BUT ESSENTIAL POSITION AGAINST PERMITTING FOURTH CARRIER WITHOUT ADDITIONAL QUID PRO QUO FROM US IS STRONGLY HELD BY ALL ELEMENTS OF ITALIAN SIDE. THERE IS NO DOUBT THAT CALCULATIONS USED HERE BY FOREIGN OFFICE IN PERSUADING SANTINI TO GIVE UP TOKYO REQUEST WERE BASED ON EXCLUSIVE POSITION ON ROME-ATLANTA-DALLAS. OUR INSISTENCE ON A FOURTH CARRIER FOR THIS RUN WAS AN UNPLEASANT SURPRISE FOR ALL PARTIES ON THE ITALIAN SIDE.

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2. IN PRESENT SITUATION, IT WOULD BE A MISTAKE TO ASSUME THAT STATUS QUO WOULD CONTINUE IN ABSENCE OF FURTHER NEGOTIATIONS. WHILE WE HESITATE TO MAKE FIRM PREDICTIONS, IT SEEMS LIKELY TO US THAT ITALIANS WILL TAKE SOME ACTION SUCH AS CANCELING US BEYONDS, WHICH WOULD UNDOUBTEDLY FORCE US TO RETALIATE. THE DAMAGE WHICH SUCH A SERIES OF DEVELOPMENTS WOULD DO TO OUR BILATERAL RELATIONS IS OBVIOUS.

3. IF WE ARE CORRECT, CONSEQUENCES OF FAILURE NO WORSE THAN CONSEQUENCES OF BREAKING OFF NEGOTIATIONS AT THIS POINT. WE THEREFORE RECOMMEND THAT NEGOTIATIONS BE RESUMED AS SCHEDULED AND THAT WE NOW INFORM SANTINI THAT WE BELIEVE AGREEMENT IS POSSIBLE

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ON SERVICES TO NEW YORK, BOSTON, CHICAGO AND LOS ANGELES BUT WOULD HAVE TO RESERVE OUR RIGHTS TO PLACE US CARRIER ON DALLAS-ATLANTA-ROME RUN. IT SEEMS LIKELY THAT ITALIANS ARE NOT REALLY INTERESTED IN IDENTITY OF SUCH A CARRIER BUT ONLY IN HOW LONG THEY CAN EXPECT TO BENEFIT FROM INITIAL EXCLUSIVE POSITION ON THIS ROUTE. A PRIORI CONSULTATIONS FOR A SPECIFIED PERIOD OF TWO OR THREE YEARS ON THE FOURTH CARRIER QUESTION MIGHT OFFER A SOLUTION.

4. IN VIEW OF TIME FACTORS, EMBASSY REQUESTS AUTHORIZATION TO CONVEY TO SANTINI ELEMENTS OF DRAFT STATEMENT AND TO SUGGEST VIEW THAT FURTHER NEGOTIATIONS BEGINNING FEBRUARY 3 WOULD BE USEFUL.

MELOY

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